

LFC Requester:

Torres



**PUBLIC EDUCATION DEPARTMENT
BILL ANALYSIS
2023 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
 Correction Substitute

Date Prepared: 02/26/23

Bill No: [HB99/aHTRC](#)

Agency Name
and Code

Number: PED - 924

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Sponsor: Romero
 Short STATEWIDE ARTS SCHOOL
 Title: DORMITORY FUND

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
None	None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	None	None	None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in the General Appropriation Act: None.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis of HTRC Amendment: The House Taxation and Revenue Committee amendment to House Bill 99 (HB99/aHTRC) removes proposed language that would have required the Department of Finance and Administration (DFA) to transfer \$2 million from the Excess

Extraction Taxes Suspense Fund to the New Mexico School for the Arts (NMSA) at the end of each fiscal year.

The bill adds language to note that the New Mexico School for the Arts Dormitory Fund would also consist of income from investment of the fund.

Synopsis of Original Bill: House Bill 99 creates the New Mexico School for the Arts Dormitory Fund to pay the expenses of providing room and board to residential students. The Fund, which would be administered by NMSA, would be required to include a reserve to cover unforeseen repairs, maintenance, and other operational expenses of the dormitory for which the school had not planned or budgeted.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the Legislature enacting them, unless a later date is specified. If enacted, this bill would become effective June 16, 2023.

FISCAL IMPLICATIONS

HB99/aHTRC does not contain an appropriation.

The NMSA Dormitory Fund is created as a non-reverting fund in the state treasury and would consist of appropriations, gifts, grants, donations, and income from investment of the fund. The funds are to be administered by the school, and the money in the fund is appropriated to the school to pay the expenses of providing room and board to residential students. The fund will include a reserve to cover unforeseen repairs, maintenance and other operational expenses of the dormitory for which the school had not planned.

SIGNIFICANT ISSUES

According to the National Center for Education Statistics, as of the 2021-2022 school year, NMSA had approximately 300 students in grades nine through 12, approximately 80 of whom are eligible for free or reduced-price lunch. According to a presentation from NMSA to LESC in December 2022, a \$2 million distribution would support a 7-day-per-week residential education for 60 students, at a rate of approximately \$33 thousand per student.

The NMSA fund is created as a non-reverting fund for the school, to be administered by the school, and includes a reserve to cover “unforeseen repairs, maintenance, and other operational expenses for which the school had not planned or budgeted.” While Section 22-15F-7(B) NMSA 1978 provides for a report to CSD and PEC, neither PEC nor the Public Education Department (PED) have any direct authority over the administration of the fund, although PEC has some indirect authority over the school’s financial plan as authorizer.

PERFORMANCE IMPLICATIONS

The PED Charter Schools Division provides annual site visits to monitor the performance of the school’s academic, organizational, and financial performance, as it does for every state charter school. According to the NMPED’s STARS end of the year report, 2021-2022, the school’s economically disadvantaged population was 16 percent, whereas the state average was 42 percent. Additionally, in accordance with statute, NMSA submits an annual report that includes demographic information about both applicants and students admitted to the school, including the counties and the congressional districts represented by the students enrolled and the makeup of the student body in terms of socioeconomic status, gender and ethnicity. In the school’s 2022 report, the school reported almost 70 percent of the students come from Santa Fe County, 8.3

percent from Rio Arriba, 6.8 percent from Bernalillo County and 5.6 percent from Taos County. All other counties represent less than three percent of the student population.

Funding to support student residencies would likely impact the school's performance in enrolling a more diverse population, for example, students who cannot afford to live in Santa Fe and/or who represent other areas of the state, and not only the northern portion of New Mexico.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

The state could consider transitioning the New Mexico School for the Arts to be a state-supported institution, such as the New Mexico School for the Deaf. Substantially more funding is provided to these types of schools, including funding to support residential facilities.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

None.